



**From Rod Backman, Director
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WEFA believes North Dakota's economy continues to be strong at the onset of 1999, despite the agricultural and mining sectors experiencing increasing financial stress. WEFA expects North Dakota's economy to display a slight decline in growth during 1999 before rebounding in 2000.

North Dakota's unemployment rate was the second lowest in the country in 1998, and WEFA expects the unemployment rate to remain at a low 2.4 percent in 1999. Labor markets will likely remain tight and agricultural and mining sectors will continue to suffer through 1999. Because of the low unemployment rate situation, WEFA expects that wages within the state, especially jobs that are at, or near the minimum wage rate, will experience upward pressure in 1999.

North Dakota's unemployment rate in February was 3.0 percent, down from last years rate of 3.4 percent. The national unemployment rate in February was 4.4 percent.

The low prices for oil may have reached a turning point. On Tuesday OPEC voted to cut crude oil production by more than 2 million barrels a day, beginning April 1 and maintain the reductions for a year. This decision would decrease the supply of oil on world markets by about 2.6 percent. Anticipation of the OPEC cuts has already caused crude oil prices to rise in the last few weeks. This certainly could have a positive effect on our oil tax revenues. However, OPEC member countries often do not abide by the agreed production cuts.

Comparison to Revised Forecast

Note the new schedule on the inside of this newsletter.

Instead of providing the comparison of revenues to the previous biennium that you usually see in this

newsletter, you will find a comparison of revenues to the revised forecast for the 1997-99 biennium. This schedule tracks revenues for the month, as well as the biennium-to-date, compared to the revised forecast.

Oil Activity

Oil production for December averaged 93,359 barrels per day while the Industrial Commission's Oil and Gas Division estimates January's production to be 91,120 barrels per day. The current price of oil is in the \$11 range.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1997-99 BIENNIUM
FEBRUARY, 1999

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Apr-97 Legislative Forecast	Actual	Variance	Percent	Apr-97 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 29,053,000.00	\$ 27,958,280.78	(1,094,719.22)	-3.8%	\$ 476,216,000.00	\$ 469,832,002.90	(6,383,997.10)	-1.3%
Motor Vehicle Excise Tax	3,583,020.00	3,233,118.40	(349,901.60)	-9.8%	81,786,900.00	77,789,792.43	(3,997,107.57)	-4.9%
Individual Income Tax	13,501,280.00	17,272,031.74	3,770,751.74	27.9%	262,430,940.00	289,067,975.83	26,637,035.83	10.2%
Corporate Income Tax	1,832,400.00	1,699,205.20	(133,194.80)	-7.3%	69,459,300.00	90,149,386.11	20,690,086.11	29.8%
Insurance Premium Tax	1,850,000.00	1,250,775.91	(599,224.09)	-32.4%	25,445,000.00	24,129,801.66	(1,315,198.34)	-5.2%
Business Privilege Tax	96,800.00	187,066.00	90,266.00	93.3%	2,316,800.00	3,024,193.25	707,393.25	30.5%
Oil & Gas Production Tax	923,468.00	445,589.88	(477,878.12)	-51.7%	27,371,904.00	22,019,504.02	(5,352,399.98)	-19.6%
Gaming Tax	2,050,000.00	2,058,684.32	8,684.32	0.4%	19,616,000.00	19,594,723.84	(21,276.16)	-0.1%
Interest Income	394,000.00	457,623.94	63,623.94	16.1%	11,380,000.00	14,369,317.38	2,989,317.38	26.3%
Oil Extraction Tax	340,830.00	263,796.59	(77,033.41)	-22.6%	19,336,040.00	13,887,744.18	(5,448,295.82)	-28.2%
Cigarette and Tobacco Tax	1,823,200.00	1,490,591.06	(332,608.94)	-18.2%	38,197,200.00	37,555,067.69	(642,132.31)	-1.7%
Departmental Collections	1,100,000.00	1,245,128.83	145,128.83	13.2%	23,100,000.00	37,100,129.15	14,000,129.15	60.6%
Wholesale Liquor Tax	366,249.00	351,686.08	(14,562.92)	-4.0%	8,865,817.00	8,864,336.64	(1,480.36)	0.0%
Coal Severance Tax	1,012,680.00	1,037,270.51	24,590.51	2.4%	18,710,360.00	18,946,648.89	236,288.89	1.3%
Coal Conversion Tax	1,071,450.00	1,185,290.91	113,840.91	10.6%	20,061,400.00	19,823,350.55	(238,049.45)	-1.2%
Mineral Leasing Fees	200,000.00	156,894.23	(43,105.77)	-21.6%	4,000,000.00	6,512,166.24	2,512,166.24	62.8%
Bank of North Dakota - Transfer					29,600,000.00	29,600,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					987,763.00	987,763.00	0.00	0.0%
Other Transfers		109.77	109.77	100.0%	32,094,725.00	33,560,190.84	1,465,465.84	4.6%
Sub-totals	59,198,377.00	60,293,144.15	1,094,767.15	1.8%	1,170,976,149.00	1,216,814,094.60	45,837,945.60	3.9%
Less Telecommunications Tax Deposited in General Fund		(419,696.86)	(419,696.86)			(8,196,294.70)	(8,196,294.70)	
Total Revenues and Transfers	\$ 59,198,377.00	\$ 59,873,447.29	675,070.29	1.1%	\$ 1,170,976,149.00	\$ 1,208,617,799.90	37,641,650.90	3.2%

**REVISED LEGISLATIVE FORECAST
STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1997-99 BIENNIUM
FEBRUARY, 1999**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Mar-99 Revised Legislative Forecast	Actual	Variance	Percent	Mar-99 Revised Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 27,941,000.00	\$ 27,958,280.78	\$ 17,280.78	0.1%	469,814,221.00	\$ 469,832,002.90	17,781.90	0.0%
Motor Vehicle Excise Tax	3,582,000.00	3,233,118.40	(348,881.60)	-9.7%	78,137,643.00	77,789,792.43	(347,850.57)	-0.4%
Individual Income Tax	14,559,000.00	17,272,031.74	2,713,031.74	18.6%	286,354,716.00	289,067,975.83	2,713,259.83	0.9%
Corporate Income Tax	1,729,000.00	1,699,205.20	(29,794.80)	-1.7%	90,179,025.00	90,149,386.11	(29,638.89)	0.0%
Insurance Premium Tax	2,300,000.00	1,250,775.91	(1,049,224.09)	-45.6%	25,179,025.00	24,129,801.66	(1,049,223.34)	-4.2%
Business Privilege Tax	161,000.00	187,066.00	26,066.00	16.2%	2,998,325.00	3,024,193.25	25,868.25	0.9%
Oil & Gas Production Tax	832,000.00	445,589.88	(386,410.12)	-46.4%	22,404,940.00	22,019,504.02	(385,435.98)	-1.7%
Gaming Tax	1,950,000.00	2,058,684.32	108,684.32	5.6%	19,487,000.00	19,594,723.84	107,723.84	0.6%
Interest Income	491,934.00	457,623.94	(34,310.06)	-7.0%	14,403,000.00	14,369,317.38	(33,682.62)	-0.2%
Oil Extraction Tax	505,000.00	263,796.59	(241,203.41)	-47.8%	14,129,218.00	13,887,744.18	(241,473.82)	-1.7%
Cigarette and Tobacco Tax	1,713,000.00	1,490,591.06	(222,408.94)	-13.0%	37,777,602.00	37,555,067.69	(222,534.31)	-0.6%
Departmental Collections	1,100,000.00	1,245,128.83	145,128.83	13.2%	29,227,343.00	37,100,129.15	7,872,786.15	26.9%
Wholesale Liquor Tax	333,974.00	351,686.08	17,712.08	5.3%	8,846,643.00	8,864,336.64	17,693.64	0.2%
Coal Severance Tax	1,027,000.00	1,037,270.51	10,270.51	1.0%	18,937,648.00	18,946,648.89	9,000.89	0.0%
Coal Conversion Tax	1,046,000.00	1,185,290.91	139,290.91	13.3%	19,684,623.00	19,823,350.55	138,727.55	0.7%
Mineral Leasing Fees	200,000.00	156,894.23	(43,105.77)	-21.6%	6,557,000.00	6,512,166.24	(44,833.76)	-0.7%
Bank of North Dakota - Transfer					29,600,000.00	29,600,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					987,763.00	987,763.00	0.00	0.0%
Other Transfers		109.77	109.77	100.0%	33,560,081.00	33,560,190.84	109.84	0.0%
Sub-totals	59,470,908.00	60,293,144.15	822,236.15	1.4%	1,208,265,816.00	1,216,814,094.60	8,548,278.60	0.7%
Less Telecommunications Tax Deposited in General Fund		(419,696.86)	(419,696.86)			(8,196,294.70)	(8,196,294.70)	
Total Revenues and Transfers	\$ 59,470,908.00	\$ 59,873,447.29	402,539.29	0.7%	\$ 1,208,265,816.00	\$1,208,617,799.90	\$ 351,983.90	0.0%

Revenue Variances

Compared to the 1997 legislative revenue forecast, sales tax collections fell below projections by \$1 million or 3.8 percent. The good news is that compared to the 1999 revised legislative forecast for the 1997-99 biennium, sales tax collections were almost right on the mark, exceeding the forecast by a mere \$17,000. As in January, the month of February ended on a weekend, causing some possible timing issues.

Motor vehicle excise tax collections fell short of the 1997 legislative forecast by \$349,901, and fell short of the revised forecast by \$348,882.

Individual income tax collections in February exceeded the original legislative forecast by \$3.7 million and exceeded the revised forecast by \$2.7 million. Biennium-to-date collections are now \$26.6 million or 10.2 percent over the original legislative forecast.

Corporate income tax collections fell short of the original legislative forecast by \$133,195 while falling short of the revised forecast by \$29,795. Biennium-to-date collections are now \$20.6 million or 29.8 percent ahead of the original forecast.

Oil and gas production tax collections were \$477,878 below the original forecast and \$386,411 below the revised forecast. Some of this shortfall is due to the timing of the processing of the returns as a result of the month ending on a weekend.

Oil extraction tax collections fell \$77,033 behind the original forecast and \$241,203 behind the revised forecast. Biennium-to-date collections are now \$5.4 million behind the original forecast.

Happy Easter!!

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ADDRESS SERVICE REQUESTED

